

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298**FILED**01-09-07  
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January 9, 2007

Agenda ID #6297  
Ratesetting

TO: PARTIES OF RECORD IN APPLICATION 04-06-025

This is the proposed decision of Administrative Law Judge (ALJ) John S. Wong. It will not appear on the Commission's agenda for at least 30 days after the date it is mailed. The Commission may act then, or it may postpone action until later.

When the Commission acts on the proposed decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the proposed decision as provided in Article 14 of the Commission's "Rules of Practice and Procedure," accessible on the Commission's website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov). Pursuant to Rule 14.3 opening comments shall not exceed 15 pages.

Comments must be filed either electronically pursuant to Resolution ALJ-188 or with the Commission's Docket Office. Comments should be served on parties to this proceeding in accordance with Rules 1.9 and 1.10. Electronic copies of comments should be sent to ALJ Wong at [jsw@cpuc.ca.gov](mailto:jsw@cpuc.ca.gov). All parties must serve hard copies on the ALJ and the Assigned Commissioner, and for that purpose I suggest hand delivery, overnight mail or other expeditious method of service. The current service list for this proceeding is available on the Commission's website, [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

/s/ PHILIP S. WEISMEHL for  
Angela K. Minkin, Chief  
Administrative Law Judge

ANG:jt2

Attachment

Decision **PROPOSED DECISION OF ALJ WONG (Mailed 1/9/2007)****BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of Southern California Gas Company (U 904 G) Regarding Year Ten (2003-2004) of Its Gas Cost Incentive Mechanism.

Application 04-06-025  
(Filed June 15, 2004)

**OPINION CLOSING THIS PROCEEDING****Summary**

Today's decision addresses the motion of Southern California Edison Company (SCE) to withdraw all of the claims that it made against Southern California Gas Company (SoCalGas) in the Year Ten Gas Cost Incentive Mechanism (GCIM) application of SoCalGas.

In Decision (D.) 05-04-003, SoCalGas received a Year Ten GCIM award of \$2,364,577. That award was made subject to refund or adjustment as may be determined in Investigation (I.) 02-11-040. Recently, in D.06-12-034, we closed I.02-11-040 with prejudice, and terminated the condition that the shareholder award in D.05-04-003 is subject to refund or adjustment.

As a result of the action taken in D.06-12-034, SCE's motion to withdraw its claims in this proceeding is now moot, and this proceeding is now closed.

**Procedural and Factual Background**

The GCIM is the ratemaking mechanism that SoCalGas uses to purchase natural gas on behalf of its core customers. SoCalGas was first authorized to use the GCIM in D.94-03-076 [53 CPUC2d 663]. The GCIM was modified in

D.02-06-023, and SoCalGas was authorized to continue the use of the GCIM on an annual basis until modified or terminated by the Commission.

SoCalGas' Year Ten GCIM application was addressed in D.05-04-003. SoCalGas received a GCIM award in that decision, but due to I.02-11-040, the ongoing investigation into the price spikes of natural gas during the energy crisis, we made that award subject to any refund or adjustment that might be ordered in that investigation.

SCE recently entered into two settlements with SoCalGas, San Diego Gas & Electric Company (SDG&E) and other Sempra Energy companies. Those two settlements have proposed certain changes to the natural gas operations and service offerings of SoCalGas and SDG&E, which are being addressed in A.06-08-026. As part of the settlements, the parties agreed to resolve all issues between SCE and the Sempra Energy companies in I.02-11-040 and a related investigation, I.03-02-033. SCE agreed that it would take steps to withdraw all of its claims in those proceedings.

SCE, SoCalGas, and SDG&E then filed a request to close I.02-11-040 and I.03-02-033, and to terminate the condition that certain SoCalGas GCIM and SDG&E Performance Based Ratemaking mechanism awards are subject to refund or adjustment consistent with I.02-11-040. In D.06-12-034, we granted the request and closed I.02-11-040 and I.03-02-033 with prejudice. We also granted SCE's motion to withdraw its claims in I.02-11-040 and I.03-02-033. In addition, we ordered that the GCIM awards approved for SoCalGas in D.03-08-064, D.03-08-065, D.05-04-003, D.05-04-003, and D.06-10-029 "are no longer subject to revision or adjustment related to I.02-11-040." (D.06-12-034, p. 15.)

On September 6, 2006, SCE filed its motion to withdraw all of its claims against SoCalGas, SDG&E, Sempra Energy, and the other Sempra Energy companies in this proceeding.

**Discussion**

In the Year Ten GCIM decision, SoCalGas received a shareholder award of \$2,364,577. However, due to the ongoing activities in I.02-11-040, we ordered that the shareholder award “shall be subject to refund or adjustment as may be determined by the Commission” in I.02-11-040. (D.05-04-003, p. 11.)

As a result of D.06-12-034, the claims made by SCE in I.02-11-040 have now been withdrawn and that proceeding has been closed with prejudice. In addition, we ordered that the Year Ten GCIM shareholder award in D.05-04-003 is “no longer subject to revision or adjustment related to I.02-11-040.” (D.06-12-034, p. 15.)

Due to the actions taken in D.06-12-034, SCE’s motion to withdraw its claims in this proceeding is now moot because those claims were to have been addressed in I.02-11-040.<sup>1</sup> SCE’s motion is moot because SCE’s motion to withdraw its claims in I.02-11-040 has been granted, and because the Year Ten GCIM award is no longer subject to revision or adjustment. Accordingly, SCE’s September 6, 2006 motion to withdraw the claims it made in this proceeding is now moot, and because there are no other issues to resolve, this proceeding should be closed.

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<sup>1</sup> See D.05-04-003 at pages 7 and 8.

**Comments on Proposed Decision**

The proposed decision of the Administrative Law Judge (ALJ) in this matter was served on the parties in accordance with Public Utilities Code Section 311 and Rule 14.2(a) of the Commission's Rules of Practice and Procedure. Parties to this proceeding may file opening and reply comments on the proposed decision as provided for in Rule 14.3.

**Assignment of Proceeding**

Michael R. Peevey is the assigned Commissioner, and John S. Wong is the assigned ALJ in this proceeding.

**Findings of Fact**

1. SoCalGas received a Year Ten GCIM award of \$2,364,577 in this proceeding, but that award was made subject to refund or adjustment depending on the outcome of I.02-11-040.
2. In D.06-12-034, we granted SCE's request to withdraw its claims in I.02-11-040, and granted the request to close I.02-11-040 and to terminate the condition that the SoCalGas GCIM awards are subject to refund or adjustment consistent with I.02-11-040.
3. SCE filed a motion to withdraw the claims in this proceeding on September 6, 2006.

**Conclusions of Law**

1. As a result of the actions taken in D.06-12-034, SCE's motion to withdraw its claims in this proceeding is now moot.

2. As there are no other issues to resolve, this proceeding should be closed.

**O R D E R**

**IT IS ORDERED** that:

1. The September 6, 2006 motion to withdraw claims, filed by Southern California Edison Company, is moot as a result of Decision 06-12-034.
2. Application 04-06-025 is closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.

**INFORMATION REGARDING SERVICE**

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a copy of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the copy of the filed document is correct as of today's date.

Dated January 9, 2007, at San Francisco, California.

/s/ JOYCE TOM

Joyce Tom

\*\*\*\*\* SERVICE LIST A0406025 NOPOST \*\*\*\*\*

Last Update on 07-DEC-2006 by: SMJ

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